

2020

Tax Credit Accountability Report Annual Status Report of Economic Development Programs



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INTRODUCTION

In 2004, the legislature passed the "Tax Credit Accountability Act." The statute, section 620.017.4 RSMo, requires that the Department of Economic Development (DED) prepare an annual report regarding all economic incentives administered in the previous calendar year and submit the report to the Governor, President Pro Tem of the Senate, and the Speaker of the House of Representatives.

The annual report must include the following information:

1. The distribution of economic incentives by type and public purpose. In the statute, section 135.800 RSMo, all tax credits are grouped into a category, or type, based on their public purpose. This section of the report reflects the distribution of incentives by those categories, which are as follows:
 - Agricultural
 - Environmental
 - Entrepreneurial
 - Domestic and Social
 - Housing
 - Redevelopment
 - Training and Education
 - Business Recruitment
 - Community Development
2. The total amount of economic incentives awarded by industry. All incentives issued to organizations or businesses are broken down by North American Industry Classification System (NAICS) Codes.
3. The distribution of economic incentives by the size of all business recipients. All incentives issued to businesses only are broken down by business size categories of less than 100 employees, 100-500 employees, and greater than 500 employees.
4. A summary of jobs created, as reported annually.
5. A reporting of any legal action taken by DED or the State with any parties which have failed to comply with a contract or agreement pursuant to this section.

All economic incentives are reported by the amount that has been issued to the taxpayer in the calendar year. Issuance of a tax credit indicates that DED has determined it meets eligibility criteria and has proof that the organization or company has met the program requirements. Tax credits are issued using a certificate which may be attached to a State tax filing for redemption through the Department of Revenue.

The information is collected through the application and review process. Section 135.802 RSMo requires that all applications include:

1. Name, address, contact and phone number for the applicant.
2. Taxpayer type, such as individual, corporation, nonprofit or other.
3. Standard industry code. (Note: The NAICS system has replaced the Standard Industry Code system for identifying industries at the federal level.)
4. Program name and type of any other tax credits (State or federal) that are being utilized for the same activity or project.

DED INCENTIVES BY TYPE AND PROGRAM

January 1, 2019 to December 31, 2019

Type and Program	Total Amount Issued in CY 2019
AGRICULTURAL	
WINE AND GRAPE	\$-
MISSOURI RURAL ECONOMIC STIMULUS ACT**	\$-
TOTAL AGRICULTURAL	\$-
ENVIRONMENTAL	
CHARCOAL PRODUCERS	\$-
TOTAL ENVIRONMENTAL	\$-
ENTREPRENEURIAL	
LOAN GUARANTEE FEE	\$-
CERTIFIED CAPITAL COMPANIES	\$-
BUSINESS INCUBATOR	\$ 128,294.62
URBAN ENTERPRISE LOAN**	\$-
SEED CAPITAL	\$-
CAPITAL SBIC	\$-
NEW ENTERPRISE CREATION	\$-
RESEARCH	\$-
TOTAL ENTREPRENEURIAL	\$ 128,294.62
DOMESTIC AND SOCIAL	
YOUTH OPPORTUNITIES PROGRAM	\$ 4,843,532.50
TOTAL DOMESTIC AND SOCIAL	\$ 4,843,532.50
HOUSING*	
NEIGHBORHOOD PRESERVATION	\$ 3,276,201.05
TOTAL HOUSING	\$ 3,276,201.05
REDEVELOPMENT	
BROWNFIELD REMEDIATION	\$ 20,679,925.62
BROWNFIELD JOBS AND INVESTMENT	\$-
BROWNFIELD DEMOLITION	\$-
DISTRESSED AREAS LAND ASSEMBLAGE	\$-
HISTORIC PRESERVATION	\$ 85,415,088.87
COMMUNITY DEVELOPMENT CORPORATION GRANT**	\$-
COMMUNITY BANK	\$-

STATE TAX INCREMENT FINANCING**	\$-
MISSOURI DOWNTOWN ECONOMIC STIMULUS ACT**	\$-
DOWNTOWN PRESERVATION **	\$-
TOTAL REDEVELOPMENT	\$ 106,095,014.49
TRAINING AND EDUCATION	
MISSOURI ONE START NEW JOBS TRAINING PROGRAM**	\$ 530,711.00
MISSOURI ONE START RETAINED JOBS TRAINING PROGRAM **	\$ 11,960,650.00
MISSOURI ONE START CUSTOMIZED TRAINING PROGRAM**	\$ 6,117,512.66
TOTAL TRAINING AND EDUCATION	\$ 18,608,873.66
BUSINESS RECRUITMENT	
BUSINESS FACILITY	\$ 9,213,825.00
ENHANCED ENTERPRISE ZONE	\$ 3,975,396.82
ENTERPRISE ZONE	\$-
DEVELOPMENT TAX CREDIT	\$-
REBUILDING COMMUNITIES	\$-
FILM PRODUCTION	\$-
MANUFACTURING JOBS**	\$-
MISSOURI QUALITY JOBS	\$ 39,749,149.31
MISSOURI WORKS	\$ 101,346,778.92
TOTAL BUSINESS RECRUITMENT	\$ 154,285,150.05
COMMUNITY DEVELOPMENT	
TRANSPORTATION DEVELOPMENT	\$-
NEIGHBORHOOD ASSISTANCE	\$ 8,194,436.00
FAMILY DEVELOPMENT ACCOUNT	\$ 40,761.00
DRY FIRE HYDRANT	\$-
TOTAL COMMUNITY DEVELOPMENT	\$ 8,235,197.00
OTHER	
AMATEUR SPORTING CONTRIBUTION	\$ 28,549.22
AMATEUR SPORTING TICKET SALES	\$ 1,199,630.00
TOTAL OTHER	\$ 1,228,179.22
TOTAL--ALL DED STATE INCENTIVES	\$ 296,700,442.59

* By statute, this report does not include Low-Income Housing Tax Credits.

** These programs are not tax credit programs.

DED INCENTIVES BY INDUSTRY*

January 1, 2019 to December 31, 2019

NAICS	Description	Amount
11	Agriculture, forestry, fishing and hunting	\$ 344,721.00
21	Mining	\$-
22	Utilities	\$-
23	Construction	\$ 4,721,672.19
31-33	Manufacturing	\$ 39,196,758.92
42	Wholesale Trade	\$ 9,282,547.96
44-45	Retail Trade	\$ 7,214,646.42
48-49	Transportation	\$ 1,710,227.29
51	Information	\$ 11,545,778.81
52	Finance and Insurance	\$ 34,350,690.31
53	Real Estate and rental and leasing	\$ 86,512,873.13
54	Professional and technical services	\$ 45,971,616.44
55	Management of companies and enterprises	\$ 6,784,199.57
56	Administrative and waste services	\$ 1,376,291.21
61	Educational services	\$ 379,974.00
62	Health care and social assistance	\$ 9,022,441.50
71	Arts, Entertainment, and Recreation	\$ 2,017,267.22
72	Accomodation and Food Services	\$ 121,260.00
81	Other Services, Except Public Administration	\$ 2,688,925.06
92	Public Administration	\$ 16,889,834.63
	Unclassified	\$ 324,872.00
GRAND TOTAL		\$ 280,456,597.66

*Industries are represented by standard NAICS codes.

Note: Benefits issued to individuals or community colleges are not considered in this section of the report.

DED INCENTIVES BY BUSINESS SIZE

January 1, 2019 to December 31, 2019

Business Size	< 100	100-500	> 500
Applicable Programs Reporting:			
Amateur Sporting Contribution	\$ 28,549.22	\$-	\$-
Amateur Sporting Ticket Sales	\$ 1,199,630.00	\$-	\$-
Brownfield Demolition	\$-	\$-	\$-
Brownfield Jobs and Investment	\$-	\$-	\$-
Brownfield Remediation	\$ 20,679,925.62	\$-	\$-
Business Facility	\$-	\$-	\$ 9,213,825.00
Business Incubator	\$ 128,295.62	\$-	\$-
Capital SBIC	\$-	\$-	\$-
Certified Capital Companies	\$-	\$-	\$-
Charcoal Producers	\$-	\$-	\$-
Community Bank	\$-	\$-	\$-
Development Tax Credit	\$-	\$-	\$-
Distressed Areas Land Assemblage	\$-	\$-	\$-
Enhanced Enterprise Zone	\$ 1,896,074.06	\$ 1,955,624.02	\$ 123,698.74
Enterprise Zone	\$-	\$-	\$-
Family Development Account	\$-	\$ 40,761.00	\$-
Film Production	\$-	\$-	\$-
Historic Preservation (Developers Only)	\$ 83,349,908.42	\$-	\$-
Loan Guarantee Fee	\$-	\$-	\$-
Missouri Manufacturing Jobs*	\$ 79,195.01	\$ 5,589.00	\$ 5,195,100.16
Missouri Quality Jobs	\$ 5,250,598.88	\$ 10,050,627.81	\$ 24,447,922.62
Missouri Works	\$ 15,107,848.80	\$ 19,997,589.08	\$ 66,241,341.04
Neighborhood Assistance	\$ 6,219,638.00	\$ 1,754,157.00	\$ 220,641.00
Neighborhood Preservation (Developers Only)	\$ 2,426,526.06	\$-	\$-
New Enterprise Creation	\$-	\$-	\$-
Rebuilding Communities	\$-	\$-	\$-
Research	\$-	\$-	\$-
Seed Capital	\$-	\$-	\$-
Transportation Development	\$-	\$-	\$-
Urban Enterprise Loan*	\$-	\$-	\$-
Wine and Grape (Businesses Only)	\$-	\$-	\$-
Youth Opportunities Program	\$ 3,038,834.00	\$ 1,782,161.50	\$ 22,537.00
TOTALS	\$ 139,405,022.69	\$ 35,586,509.41	\$ 105,465,065.56

*These programs are not tax credit programs.

Note: Benefits issued to individuals, community colleges or units of government are not considered in this section of the report.

JOBs REPORTING FOR ACCOUNTABILITY ACT

July 1, 2018 to June 30, 2019

Section 135.805.1 RSMo requires the reporting of "actual number of jobs created as a result of the tax credits, at the location on the last day of the annual reporting period..." Reported below are the created jobs as self-reported by the companies to Department of Revenue through Accountability Reports due June 30, 2019.

Program	Jobs as Reported to the Department of Revenue		Jobs as Confirmed with Companies by DED	
	Full Time Jobs Reported	Part Time Jobs Reported	Full Time Jobs Reported	Part Time Jobs Reported
Amateur Sporting Contribution	-	-	-	-
Amateur Sporting Ticket Sales	-	-	-	-
Brownfield Demolition	-	-	-	-
Brownfield Jobs and Investment	-	-	-	-
Brownfield Remediation	45	-	34	-
Business Facility	7	-	7	-
Business Incubator	50	34	8	7
Capital SBIC	-	-	-	-
Certified Capital Companies	-	-	-	-
Community Bank	-	-	-	-
Development Tax Credit*	-	-	-	-
Distressed Areas Land Assemblage	-	-	-	-
Dry Fire Hydrant	-	-	-	-
Enhanced Enterprise Zone*	2,309	242	1,331	26
Enterprise Zone*	16	1	-	-
Family Development Account	-	-	-	-
Film Production	-	-	-	-
Historic Preservation (Developers Only)	209	87	209	80
Loan Guarantee Fee	-	-	-	-
Missouri Quality Jobs	38,466	360	2,205	19
Missouri Works	2,173	17	1,634	5
Neighborhood Assistance	497	227	192	239
Neighborhood Preservation (Developers Only)	44	41	-	-
New Enterprise Creation	-	-	-	-
Rebuilding Communities	16	10	16	10
Research	-	-	-	-
Seed Capital	-	-	-	-
Transportation Development	-	-	-	-
Wine and Grape (Businesses Only)	1	5	1	5
TOTALS	43,833	1,024	5,637	391

* Some companies selected a different "program name" than they actually participated in, so DED has assigned the appropriate job numbers to the correct programs.

Jobs Reporting for Accountability Act Notes

The following are notes regarding the previous table.

Note 1: These jobs are the number of jobs created during this period after issuance as a result of the tax credits. These job numbers will not reflect the total projected for the projects. The job numbers also will not reflect the number of jobs for which benefits were issued due to timing, documentation, program definitions of "new job," etc. The benefits in many cases are issued over several years and companies report jobs each year for purposes of receiving the benefits. These job numbers do not include any jobs created as a result of retained withholdings only benefits.

Note 2: In reviewing the data submitted to the Department of Revenue by companies through the Accountability Report, DED identified a possible issue with the data. It appeared that a few companies had reported cumulative numbers by month. When running the reports the numbers came out excessively high. DED called the companies, as well used other reports from the companies that had been previously verified to get more accurate data to report.

CY 2019 LEGAL ACTIONS

Applicant	Program	Issue	Action
Appistry, LLC	Missouri Quality Jobs	Corporation failed to satisfy minimum employment and reporting requirements (\$144,794.54, plus interest and penalties).	Referred to the State Attorney General's Office for collection; representation declined.
Dexter Hospitality, Inc.	Missouri Works	Company placed into receivership; withholding taxes recovery following company's failure to submit timely reports (\$27,682 plus interest and penalties).	Requested the State Attorney General's Office to file a claim in the receivership in Shelby County, Tennessee, Chancery Court.
Northside Regeneration LLC	Distressed Areas Land Assemblage Tax Credit	Corporation misrepresented that it had actually acquired land.	Settled in June 2019; contemporaneous with settlement, the corporation paid the State of Missouri \$323,930 (\$307,855 for DED's claims for fraud, breach of application, and unjust enrichment claims; and \$16,075 for the Department of Revenue's annual reporting penalty claim).
United States v. Robison	Missouri One Start New Jobs Training Program, Job Retention Training Program	Community college accountant pleaded guilty in federal court to 5 counts each of (i) mail fraud, (ii) fraud by wire, radio, or television, and (iii) money laundering relating to program funds intended to be spent by employers for employee training or to be retained by the college for its administrative fee.	DED and the Department of Revenue (DOR), in consultation with the State Attorney General's Office, worked with the U.S. Attorney's Office to provide information for the prosecution and \$7.5 million restitution award (\$1.9 million to the college; \$5.6 to DOR to be returned to the State's general revenue).

